GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:284
ANSWERED ON:25.02.2000
MULTINATIONAL COMPANIES IN TEA INDUSTRY .
RAM SHAKAL

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

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(a) the details and number of foreign multinational tea companies issued free import licences;

(b) the effect thereof on the domestic tea companies; and

(c) the steps taken by the Government to safeguard the domestic tea industry?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI MURASOLI MARAN)
(a) to (c) Tea is in the Restricted List of imports and is not permitted to be imported except against a licence. However, no import licence is required if tea is imported from SAARC Countries.Import of all items, whether or not in the negative list, is also permitted against Duty Free Licences if such import is required for export production.In the same manner, import of tea has been allowed free of duty for the purpose of blending and re-export, that is, in value added form, either through EOU/EPZ units or under Duty Exemption Scheme, subject to the exporter offering a prescribed minimum value addition for the export product.
During the period 1997-98, 7 Duty Free Licences for a CIF value of Rs. 13.91 crores with an export obligation of Rs. 35.22 crores and during the period 1998-99, 19 Duty Free Licences for a CIF value of Rs. 38.90 crores with an export obligation of Rs. 97.54crores in the form of blended tea in consumer packs have been issued in favour of M/s. Lipton India Exports Limited, Calcutta.No advance licence to multinational companies for import of tea has been issued during the current year of 1999-2000.
Since import of tea has been allowed for export production, it will not have any adverse impact on the indigenous tea Companies. Further, to ensure that the imported tea is not diverted to domestic market and to ensure that it does not affect the indigenous market, following stringent conditions have been laid down under the policy for duty free import of tea :

(i) Import of tea is to be allowed on net to net basis without any wastage;

(ii) The exporter shall furnish indemnity bond for full utilisation of imported tea in export;

(iii) Licence shall be issued with Actual User and Non-transferability conditions and the same shall not be allowed to be transferred even after fulfilment of the stipulated export obligation;

(iv) The exporter shall indicate and declare to Customs Authorities the blend ratio of imported tea and domestic tea on the relevant Shipping Bills at the time of export;

(v) A minimum value addition of 100% shall be insisted upon;

(vi) The Bank Guarantee for 100% of duty saved on imported tea shall be executed by the exporter with Customs Authorities at the time of import;

(vii) The licence for import of tea under Advance Licensing Scheme shall be issuedwith prior import condition. They shall also submit certificate to the Licensing Authority from Chartered Accountant to the effect that the imported tea has been utilised/ consumed in the exports made after blending.